YWCB

YUKON WORKERS' COMPENSATION BOARD

1987 ANNUAL REPORT

91-01020/

ANNUAL REPORT of THE WORKERS' COMPENSATION BOARD for the Year Ended December 31, 1987

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JOHN WRIGHT, CHAIRPERSON

John Wright was appointed as Chairperson of the Board on June 29, 1987. John Wright is former Justice of the Peace and was a member of the Justice Review Panel. He was appointed for a three year term.

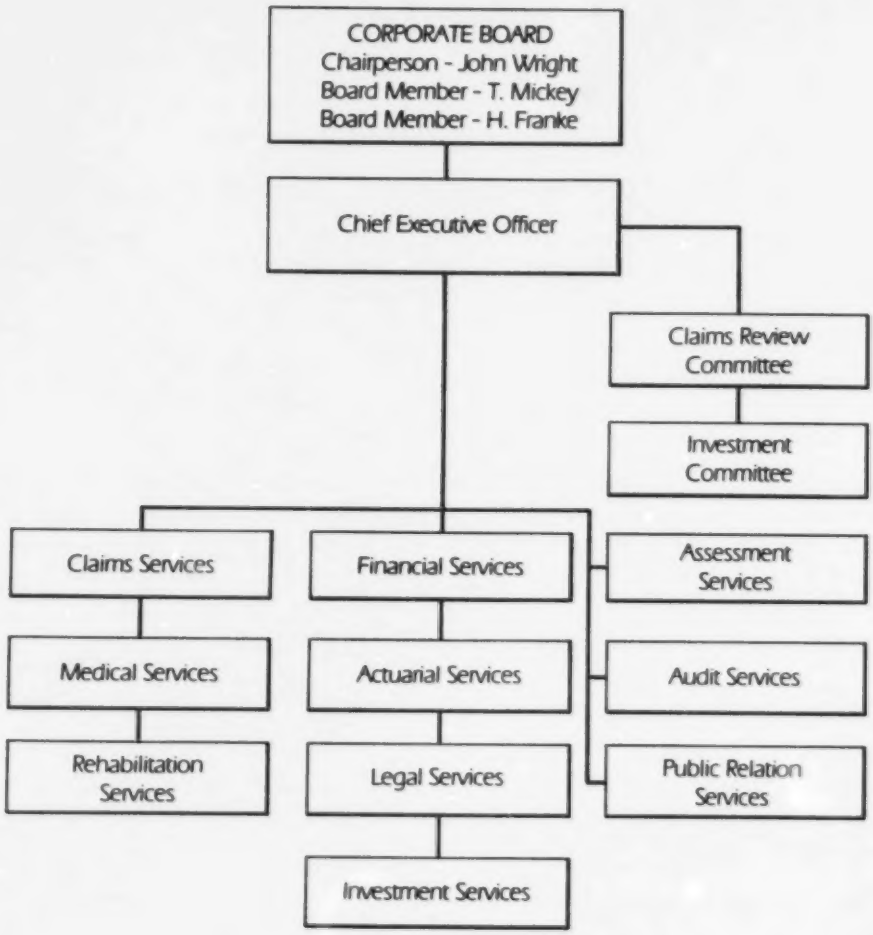
THOMAS MICKEY, MEMBER

Thomas Mickey who represents industry on the Board, was in the trucking industry and has been a Director of the Yukon Transportation Association. He was first appointed to the Board on September 1, 1984. He was reappointed on September 1, 1987 for a three year term.

HEIKO FRANKE, MEMBER

Heiko Franke represents labour on the Board. He is a member of Health & Safety Committee of Local 924, United Steel Workers of America. He was appointed to the Board on October 2, 1987, for a three year term.

WORKERS' COMPENSATION BOARD 1987



To: **THE HONOURABLE R. KIMMERLY**
MINISTER OF JUSTICE
GOVERNMENT OF YUKON

In accordance with Section 9(9) of the Worker's Compensation Act, the Workers' Compensation Board is pleased to present its Annual Report for the year ended December 31, 1987.

The purpose of the Workers' Compensation Act is to provide compensation to the worker for wage loss due to disability from personal injury by accident arising out of employment without recourse to litigation. It ensures promptness and certainty of payment to the worker or dependents without unduly burdening the employer. During 1987 the Board continued to pursue its goal of providing the highest standard of service to injured workers.

Compensation is administered by the Yukon Workers' Compensation Board, a corporate entity by statute. Accident costs include compensation, medical aid and rehabilitation, physical impairment awards, fatal and survivors benefits and the cost of administration and accident prevention. These are paid from assessments levied on employers together with earnings realized on investments.

FINANCE

The Compensation Fund is maintained as a trust fund, distinct and separate from the general account of the Yukon Consolidated Revenue Fund.

Board policy is to fully fund the cost of all accidents in the year in which they occur, so that at all times there will be no unfunded liability in respect of prior year's accidents. Meeting such unfunded liability in an economic downturn could impose undue hardship on the remaining employers. So the Board is pleased to report that this policy has been successful.

In 1987, the Board obtained professional investment advice in order to take advantage of the prevailing rates of interest. In keeping with Board Policy the investment portfolio is managed and in the custody of independent professional investment counsellors. Although it is an integral part of the Compensation Fund, a portion of the investment portfolio has been designated to match the outflow of pension payments for the next twenty years. This part of the portfolio uses a combination of both full bonds, and stripped coupons from Government of Canada bonds, and has locked in a compound rate of return of about 13% over the next twenty years without any need for the reinvestment of interest payments.

The cash flow from these bonds and coupons is sufficient to meet the expected payments to existing pensioners, including a substantial allowance for future automatic cost of living increases. The portfolio is rebalanced at least annually to take into account changes in the expected outgo for pension payments.

For the balance of the assets in the Compensation Fund, it is the policy of the Board to follow the advice of the independent investment counsellors, under the direction of the Board's investment committee.

INCREASED BENEFITS

Increases in the amounts of compensation resulted from the provisions of Section 89 whereby the amounts of compensation are increased in accordance with changes in the Consumer Price Index. The amount of increase at January 1, 1987 was 4.1%

- Pensions to dependant widows or widowers were increased to $1,041 from $1,000 per month.
- Pensions to dependant children were increased to $312 from $300 per month.
- Payments to dependant widows or widowers for additional expenses resulting from the death of a worker were increased to $1,459 from $1,402
- Payments for necessary burial expenses were increased to $1,671 from $1,605
- Payments for transportation of body where necessary in fatal accidents were increased to $295 from $283.
- Existing pensions for permanent disability were increased by 4.1%.

WORKERS' COMPENSATION ACT

Effective April 16, 1987, the practice of paying a lump sum to surviving spouses when they remarry, has been discontinued. Now, the monthly payments to surviving spouses will continue for life.

The age limits for dependent children have been increased from 16 to 18 years of age and for children attending post secondary insititutions, the age has been increased from 18 to 21 years of age.

CLAIMS

An employee covered under workers' compensation, if totally disabled longer than the day of the accident, is entitled to compensation computed at the rate of 75 percent of the worker's average yearly earnings paid from the day following the accident and for the duration of disability. The maximum earnings used for computation of compensation during 1987 was $33,000 per annum. The minimum compensation payable for disability was $137 per week.

The total number of claims reported to the Board during 1987 was 1,661 compared with 1,420 during the year 1986. There were two fatal accidents during 1987. Accidents reported for the period 1976 to 1987 inclusive, were as follows:

YEAR	ACCIDENTS REPORTED	FATAL ACCIDENTS	PERMANENT AWARDS
1976	1,426	4	36
1977	1,536	2	24
1978	1,706	5	29
1979	1,778	4	29
1980	1,939	6	30
1981	2,018	6	45
1982	1,354	7	40
1983	1,059	1	32
1984	1,029	1	22
1985	1,040	2	23
1986	1,420	1	28
1987	1,661	2	16

ASSESSMENTS

During 1987, the Board continued to hold meetings with interested employers and associations before finally determining the rate of assessment applicable to the various classes of industry.

Assessment rates are established after considering the cost experience, the financial position of the industry classification, and the reserves required for outstanding claims and pensions.

The financial results for the year indicated a surplus in the operating reserves of all classifications. Assessment rates for all classifications were reduced at January 1, 1987. (See Exhibit L).

The maximum assessable earnings for 1987 were $33,000 per annum. The minimum coverage available to independent operators and active directors of limited liability companies was $17,500 per annum.

The following table indicates assessable payrolls for the years 1977 to 1987 inclusive:

YEAR	EMPLOYERS REGISTERED	MAXIMUM EARNINGS	PAYROLLS REPORTED
1977	1,375	13,000	84,710,000
1978	1,451	17,000	100,272,000
1979	1,347	19,000	155,492,000
1980	1,782	19,000	178,453,000
1981	1,963	21,000	212,757,000
1982	2,061	24,000	199,304,000
1983	1,545	25,000	182,698,000
1984	1,915	27,000	201,312,000
1985	1,465	28,500	200,093,000
1986	1,675	31,000	246,647,000
1987	1,604	33,000	284,715,000

APPEALS

If a worker, dependant or employer is dissatisfied with the initial decision on a claim, they may request a review by the Claims Review Committee, which is composed of senior members of the Board staff. A written explanation of their decision is provided, and the person is informed of their right of further appeal to the Board. During 1987, the Board considered 12 appeals (1986 - 22 appeals), and the Claims Review Committee reviewed 12 claims (1986 - 10).

When there is a difference of opinion on medical issues, under Section 26 of the Act, the case is referred to an independent specialist. During the year, 2 cases were referred (1986 - 5).

REHABILITATION

Rehabilitation services provide an important aid in the workers' recovery from the effects of accident and industrial injury. The aim is to restore the workers' health and physical function to the greatest possible extent and to aid their return to meaningful and productive employment.

Physical rehabilitation involves therapy treatment as prescribed by the attending physician, such as physiotherapy. Occupational rehabilitation includes retraining workers to resume pre-accident employment with the original employer, training injured workers to provide new skills within their capabilities, and their placement in suitable employment with other employers.

The Board appreciates the active and willing cooperation of those employers who assisted in the placement of workers and the upgrading of skills. During this year, 11 cases were referred for physical rehabilitation and 12 cases for vocational rehabilitation.

GENERAL

During the year, the Board continued to cooperate with the Occupational Health and Safety Division of the Government of Yukon. The Board paid to the Government of Yukon the amount of $126,608, compared to $90,000 in 1986, to cover the costs of the program. First Aid courses were offered at no charge to workers under the Workers' Compensation Act.

The assistance received from the Auditor General of Canada and his staff was very much appreciated.

The Workers' Compensation Board would like to take this opportunity to express appreciation and acknowledge the work of their staff without whose dedication effective administration of the Act would not have been possible.

The Board would also like to thank the injured workers, employers, the medical profession and trade unions for their cooperation received during the year.

Respectfully submitted,

John Wright, Chairperson

Thomas Mickey, Board Member

Heiko Franke, Board Member

EXHIBIT "A"
MONTH OF OCCURENCE OF ACCIDENTS REPORTED
January 1 - December 31, 1987

CLASS	JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEPT.	OCT.	NOV.	DEC.	TOTAL
11	32	24	33	19	21	19	42	32	30	30	24	23	329
12	14	15	8	11	20	22	42	40	39	35	27	10	283
13	8	5	8	4	7	10	8	13	19	22	16	8	128
14	14	10	15	12	13	16	23	10	21	16	20	7	177
Gov't	12	16	12	9	16	19	10	11	17	14	12	9	157
16	14	23	17	19	20	25	40	16	32	18	23	20	267
17	2	4	6	3	9	7	5	4	6	9	2	4	61
NC	17	12	19	12	15	30	42	21	30	19	19	23	259
TOTAL	113	109	118	89	121	148	212	147	194	163	143	104	1,661

EXHIBIT "B"
NATURE OF INJURY IN ACCIDENTS REPORTED
January 1 - December 31, 1987

CLASS	AMPUTATION	CHEMICAL BURN	BURN	CONCUSSION	BRUISE	LACERATION	DISLOCATION	FRACTURE	HERNIA	ABRASION	SPRAIN	MULTIPLE	HEARING	POISONING	UNIDENTIFIED	ASBESTOSIS	RADIATION	TOTAL
11	0	6	5	0	69	41	2	13	1	46	86	9	4	0	47	0	0	329
12	3	2	5	1	60	47	0	16	2	40	77	10	0	0	21	0	0	284
13	2	0	3	0	23	27	1	6	1	22	30	2	0	0	11	0	0	128
14	1	1	1	0	27	37	1	6	1	39	43	7	0	0	13	0	0	177
Gov't	0	0	0	1	31	33	1	2	1	14	50	10	0	0	14	0	0	157
16	0	3	19	1	25	105	1	8	0	21	71	3	0	1	8	0	0	266
17	0	0	1	0	7	11	0	4	1	5	25	2	0	0	5	0	0	61
NC	1	4	4	3	36	49	0	15	2	42	60	7	9	1	26	0	0	259
Total	7	16	38	6	278	350	6	70	9	229	442	50	13	2	145	0	0	1,661

EXHIBIT "C"
PARTS OF BODY AFFECTED IN ACCIDENTS REPORTED
January 1 - December 31, 1987

CLASS	HEAD	EAR	EYE	FACE	SCALP	NECK	ARM	WRIST	HAND	FINGER	ABDOMEN	BACK	CHEST	HIP	SHOULDER	LEG	KNEE	FOOT	LUNG	MULTIPLE	TOTAL
11	5	3	53	16	0	5	25	10	21	39	2	39	9	5	9	27	20	11	0	30	329
12	4	0	37	10	0	2	13	7	26	45	3	42	9	1	5	13	26	17	0	24	284
13	2	0	21	5	0	0	9	0	10	29	0	16	3	1	3	9	12	6	0	2	128
14	5	1	43	5	1	4	7	1	12	34	0	25	3	1	3	13	3	9	0	7	177
Gov't	6	0	18	3	0	1	6	5	17	25	2	21	4	1	6	18	8	4	0	12	157
16	4	0	22	2	3	3	10	2	33	83	1	39	6	1	9	18	6	12	0	12	266
17	0	0	6	2	0	1	5	1	2	8	1	16	0	0	1	7	1	3	0	7	61
NC	6	9	41	10	0	7	16	11	18	40	3	30	9	3	3	14	12	9	2	16	259
TOTAL	32	13	241	53	4	23	91	37	139	303	12	228	43	13	39	119	88	71	2	110	1,661

EXHIBIT "D"
PERMANENT DISABILITY AWARDS
January 1 - December 31, 1987

CLASS	EYE	FINGER	WRIST	HAND	KNEE	HIP	BACK	HEARING	1987 TOTAL	1986 TOTAL
11	2	0	0	0	0	1	0	3	6	8
12	1	1	1	1	0	0	0	1	5	3
13	0	0	0	0	1	0	0	0	1	4
14	0	0	0	0	0	1	0	0	1	2
Gov't	0	0	0	0	1	0	1	1	3	7
16	0	0	0	0	0	0	0	0	0	2
17	0	0	0	0	0	0	0	0	0	2
Total	3	1	1	1	2	2	1	5	16	28

EXHIBIT "E"
TYPE OF ACCIDENT
CAUSING FATAL CLAIMS

YEAR	CLASS	AGE	CAUSE
1987	12	52	Motor Vehicle Accident
	13	26	Airplane Crash
1986	4	56	Motor Vehicle Accident
1985	4	25	Exposure
	2	45	Motor Vehicle Accident

EXHIBIT "F"
1987 ACCIDENTS REPORTED
by Geographical Region

	1987	1986
Carcross Region	55	35
Dawson City Region	120	131
Faro Region	361	242
Haines Junction Region	45	19
Mayo Region	95	18
Outside Yukon	70	40
Watson Lake Region	99	41
Whitehorse Region	782	794
Unclassified	34	100
TOTAL	1,661	1,420

EXHIBIT "G"
NUMBER OF COMPENSATION DAYS PAID IN 1987
by Class and Year of Accident Occurrence

			Prior to		Total Compensation Days Paid	
CLASS	1987	1986	1987	1986	1987	1986
11	849	634	4,245	3,611	5,094	4,245
12	1,599	1,062	7,887	6,825	9,486	7,887
13	461	533	3,200	2,667	3,661	3,200
14	454	500	2,537	2,037	2,991	2,537
Gov't	69	166	2,257	2,091	2,326	2,257
16	1,107	769	3,846	3,077	4,953	3,846
17	175	120	910	790	1,085	910
TOTAL	4,714	3,784	24,882	21,098	29,596	24,882

EXHIBIT "H"
DAYS OF ADJUDICATION BY INJURY
January 1 - December 31, 1987

INJURY	TOTAL PROCESSING DAYS		CLAIMS SETTLED		AVERAGE DAYS TO ADJUDICATION	
	1987	1986	1987	1986	1987	1986
Amputation	493	394	4	5	123	79
Burn	1,108	1,319	30	41	37	32
Electrical Burn	21	53	1	3	21	18
Concussion	410	121	6	5	68	24
Bruise	5,403	7,062	264	216	20	33
Laceration	10,370	7,420	334	288	31	26
Dislocation	297	487	4	11	74	44
Fracture	3,745	3,456	58	60	65	58
Hernia	341	83	7	6	49	14
Abrasion	7,093	3,515	223	156	32	23
Sprain	17,083	16,410	390	418	44	39
Multiple Injuries	1,680	1,070	34	19	49	56
Other Occupational Injury	3,464	971	80	31	43	31
Chemical Burn	396	462	15	19	26	24
Dermatitis	223	382	5	8	45	48
Hearing Impairment	607	495	5	6	121	83
Bursitis	79	38	3	1	26	38
Poisoning	25	121	2	5	13	24
Silicosis	131	95	1	1	131	95
Asbestosis	0	21	0	1	0	21
Other Occupational Illness	168	712	4	13	42	55
Non Personal Damages	1,216	1,347	18	20	68	67
Unidentified	593	234	14	6	42	39
TOTAL	54,946	46,268	1,502	1,339	51	35

EXHIBIT "I"
COMPARISON OF 1987 TIME LOST CLAIMS & NO TIME LOST CLAIMS

CLASS	TIME LOST CLAIMS		NO TIME LOST CLAIMS	
	1987	1986	1987	1986
11	80	82	247	165
12	99	69	185	130
13	45	43	83	58
14	50	36	128	108
Gov't	10	14	147	165
16	71	55	196	199
17	20	20	41	42
NC	0	0	259	234
TOTAL	375	319	1,286	1,101

EXHIBIT "J"
SUMMARY OF CLAIMS ADMINISTERED

	1987	1986
Claims under Active Administration at January 1	1,054	857
Plus:		
Accidents Reported	1,661	1,420
Claims Reopened	32	36
Total Claims Administered During the Year	2,747	2,313
Less:		
Claims Settled (Closed) During the Year	1,502	1,259
Claims under Active Administration at December 31	1,245	1,054

EXHIBIT "K"
ASSESSABLE PAYROLLS
FOR THE YEAR ENDED DECEMBER 31

CLASS	1987	1986
	(thousands of dollars)	(thousands of dollars)
11	$36,351	$27,411
12	34,291	27,257
13	14,418	11,815
14	24,078	18,049
Gov't	86,827	80,864
16	54,625	48,227
17	34,125	33,024
TOTAL	$284,715	$246,647

EXHIBIT "L"
CLASSIFICATION OF INDUSTRIES
AND ASSESSMENT RATES
(Per $100.00 of Payroll)

CLASS	INDUSTRY RATE 1987	INDUSTRY RATE 1986
11. MINING	$3.00	$3.50
Consultants		
Geochemical or Geophysical Exploration		
Mapping, Surveying or Prospecting		
Metal Mining		
Mineral Exploration		
12. HEAVY CONSTRUCTION AND TRUCKING	$4.00	$5.50
Blasting		
Bridge Construction, Road Making or Land Clearing		
Construction of Oil or Natural Gas Pipeline		
Construction of Transmission Lines		
Crane Operations		
Diamond Drilling		
Drilling or Servicing of Gas or Oil Wells		
Excavation, Waterworks or Sewer Construction		
Fabrication or Steel Erection		
Gravel Crushing or Stockpiling		

Installation or Removal of Boilers, Machines or Engines
Moving Buildings
Outfitting
Pilot Car Service
Placer Mining
Seismic Geophysical Exploration
Slashing, Staking or Line Cutting
Trucking or Hauling
Water Well Drilling or Digging
General construction, Heavy, not elsewhere classified

13. LIGHT CONSTRUCTION	$3.50	$4.50

Air Services
Concrete Construction, Masonry or Bricklaying
Concrete Mixing Plants including Transit Operation
Construction, Light, not elsewhere classified
Diving
Installation of Carpet, Linoleum or Ceramic Tile
Installation or Repair of Elevators or Trailers
Insulation of Buildings
Logging, Log Hauling, Skidding or Sawmills
Painting, Drywalling, Plastering or Lathing
Roofing

14. SPECIFIED TRADES	$2.25	$3.00

Electrical Contractors
Farming
Gas Line Stations
Indian Bands
Light & Power Operations or Line Construction
Machine, Carpentry or Glazing Shops
Mfg. of Explosives
Mfg. or Installation of Heating, Air Conditioning
Ventilation or Fire Sprinkler Systems
Operation of Retail or Wholesale Lumber Yards
Plumbing, Steam Fitting or Gas Fitting
Sales and Service of Heavy Equipment
Sales and Service of Household or Small Equipment
Upholstering or Auctioneers
Welding Shops or Portable Welding
Wholesale Establishments
Service Trades, not elsewhere classified

16. SERVICE INDUSTRIES	$1.25	$2.00
Assaying		
Boat Cruises		
Bulk Oil Dealers		
Bus Lines or School Buses		
Catering		
Commercial Salesmen		
First Aid Attendants or Security Police		
Funeral Homes		
Hairdressers or Barber Shops		
Homes for Children & Aged - Operation of		
Hotels, Motels, Lodges, Cabarets or Lounges		
Janitorial Services		
Landscaping		
Laundry and Dry Cleaning Plants		
Locksmiths		
Mfg. or Processing Food Products, Beverages, Clothing		
Operation of Buildings or Trailer Courts		
Printing, Publishing, Lithography or Engraving		
Public Amusements, Private Clubs or Recreation Centres		
Restaurants		
Retail Sales		
Sales, Service, Rentals and Repair of Vehicles		
Taxis		
Veterinarians		
Service Industries, not elsewhere classified		
17. PROFESSIONAL BUSINESS OR PUBLIC ADMINISTRATION	$0.75	$0.80
Churches, Libraries or Museums		
Cities, Towns, Villages and Municipalities		
Clerical Employees, supplied as a business service		
Daycare, Associations or Societies		
Insurance, Real Estate Companies, Chartered		
Accountants, Lawyers, Medical, Dental, Optical		
Clinics, Banks, Financial Companies or Stock Brokers		
Radio, Television, Motion Picture, Production or Live Entertainment		
Telephone Service		
Travel Agencies		
Unions		
Profession or Business, not elsewhere classified		
18. GOVERNMENT	Deposit	Deposit
Government of Yukon		

PARTICULARS OF INVESTMENTS
AS AT DECEMBER 31, 1987

BONDS AND DEBENTURES		Par value	Cost or amortized cost
		(thousands of dollars)	
Government of Canada Bonds			
Series F97 10.000%	19951001	$1,000	$1,004
Series H12 11.500%	19931215	2,500	2,490
Series H3 10.750%	19930501	500	499
Series H39 12.750%	19941001	500	598
Series H80 9.250%	19960501	3,300	3,160
Series J2 9.500%	20011001	2,000	2,016
Series J42 13.000%	20010501	500	488
Series J58 13.750%	19890801	223	223
Series J82 15.000%	19920601	263	262
Series J95 11.750%	19921215	3,110	3,426
Coupons - Canada Series		41,935	6,089
Treasury Bills		$21,094	$20,719
		$76,925	$40,974
Provincial and Provincial guaranteed bonds			
Hydro-Quebec 13.500%	19910924	$ 500	$ 500
Manitoba U.S.$ Ret 16/96	20160717	2,350	3,186
New Brunswick 15.500%	19920630	250	250
New Brunswick Electric 11.750%	19930208	1,000	995
Nova Scotia 12.000%	19931101	2,000	1,988
Nova Scotia 13.750%	19900501	313	310
Nova Scotia Power Ret 91/86 15.500%	19911215	500	500
Ontario Hydro 10.750%	19881207	1,500	1,497
Quebec 13.250%	19931105	400	395
Quebec 16.500%	19970322	500	505
Quebec 13.250%	19931105	600	591
Saskatchewan 13.375%	19960401	500	500
Saskatchewan 11.500%	19881012	168	168
		$10,581	$11,385
Corporate			
Loblaw Companies Ltd. Ret 01/93	20010930	780	780
TOTAL INVESTMENTS		$88,286	$53,139

YUKON WORKERS' COMPENSATION BOARD
STATEMENT OF TRANSACTIONS BY CLASS AND OPERATING RESERVE
FOR THE YEAR ENDED DECEMBER 31, 1987
(Thousands of Dollars)

INCOME					EXPENSE														
CLASS	ASSESSMENT REVENUE	INTEREST	DEDUCT MERIT REBATES	NET REVENUE	COMPENSATION	MEDICAL AID	PENSION AWARDS	TOTAL CLAIM COSTS	DEDUCT CHARGES TO FUTURE CLAIM COSTS	DEDUCT CHARGES TO RESERVES	1986 CLAIM COSTS SETTLED	PROVISION FOR FUTURE CLAIM COSTS	PROVISION FOR RESERVES	INTEREST TRANSFERRED TO RESERVES	ADMINISTRATIVE EXPENSE	NET EXPENDITURE	1986 SURPLUS	OPERATING RESERVE JANUARY 1, 1987	OPERATING RESERVE DECEMBER 31, 1987
11	$ 1,090	$ 1,225	$ 12	$ 2,303	$ 198	$ 68	$ 137	$ 403	$ 118	$ 159	$ 126	$ 206	$ 54	$ 1,032	$ 299	$ 1,717	$ 586	$ 1,605	$ 2,191
12	1,371	1,969	226	3,114	321	195	1,014	1,530	1,084	112	334	543	57	1,337	297	2,568	546	6,083	6,629
13	505	767	85	1,187	72	41	724	837	376	361	100	85	21	613	117	936	251	1,446	1,697
14	542	405	52	895	96	37	140	273	91	100	82	119	25	316	171	713	182	769	951
Gov't	423	168	—	591	44	94	232	369	—	—	369	—	—	168	54	591	—	—	—
16	683	587	102	1,168	101	79	—	180	44	19	117	176	29	497	95	914	254	720	974
17	256	168	33	391	18	10	—	29	—	1	28	45	11	141	185	410	(19)	271	252
TOTAL	4,870	5,289	510	9,649	850	524	2,247	3,621	1,713	752	1,156	1,174	197	4,104	1,218	7,849	1,800	10,894	12,694

REPORT OF MANAGEMENT TO THE MINISTER

To: The Honourable R. Kimmerly
Minister of Justice
Government of Yukon

The accompanying financial statements and all information in the Annual Report are the responsibility of management and the Worker's Compensation Board. The financial statements were prepared by management in conformity with accounting policies appropriate in the circumstances. The non-financial information provided in the Annual Report has been selected on the basis of its relevance to the Board's objectives and the extent to which reasonably precise measurement is practical.

The Board maintains internal financial and management systems and practices which are designed to provide reasonable assurance that reliable financial and non-financial information is available on a timely basis, that assets are acquired economically, are used efficiently to further the Board's aims.

The Board, through its Audit Committee, is responsible for reviewing and monitoring the Board's management accounting and reporting practices. The Audit Commitee meets with external auditors to satisfy itself that these responsibilities are properly discharged.

The Auditor General of Canada annually provides an independent, objective, review of management's discharge of its responsibility to report fairly the operating results and financial position of the Board in accordance with accounting policies deemed appropriate for the operations of the Board. The examination includes a review and evaluation of the Board's system of internal control and appropriate tests and procedures to provide reasonable assurance, in all material aspects, that the financial statements are presented fairly.

The Auditor General has full and free access to the Audit Committee and meets with it to discuss the results of the examination and the adequacy of financial and management controls.

Brian Booth
Chief Executive Officer

Louise Tait
Director of Finance

AUDITOR'S REPORT

To the Executive Council Member responsible for the
Yukon Workers' Compensation Fund

I have examined the balance sheet of the Compensation Fund (Yukon Territory) as at December 31, 1987 and the statements of income, expense and operating reserve and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at December 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting policies set out in Note 2 to the financial statements applied on a basis consistend with that of the preceding year.

I further report that, in my opinion, proper books of account have been kept by the Board, the financial statements are in agreement therewith and the transactions that have come under my notice have, in all significant respects, been in accordance with the Yukon Financial Administration Act and regulations and the Workers' Compensation Act and regulations.

Raymond Dubois, F.C.A.
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
May 13, 1988

COMPENSATION FUND
(Yukon Territory)
Balance Sheet
as at December 31, 1987

	1987	1986
	(in thousands of dollars)	
ASSETS		
Cash and short-term investments	$ 3,416	$ 5,238
Assessments receivable (Note 4)	896	914
Accounts receivable	75	89
Accrued interest receivable	639	914
Investments (Note 5)	53,141	44,542
	58,167	51,697
LIABILITIES		
Accounts payable	$ 390	$ 282
Assessments refundable	367	338
Merit rebates payable	507	569
Future claim costs (Note 6)	8,342	8,152
Pension liability (Note 7)	15,063	12,021
Annuity liability (Note 8)	50	31
	24,719	21,393
RESERVES		
Special (Note 9)	20,754	19,410
Operating	12,694	10,894
	33,448	30,304
	$58,167	$51,697

Approved by the Workers' Compensation Board

Chairperson

Member

Member

COMPENSATION FUND
(Yukon Territory)
Statement of Income, Expense and Operating Reserve
for the year ended December 31, 1987

	1987	1986
	(in thousands of dollars)	
Income		
Assessments	$ 4,870	$ 4,979
Less: Merit rebates	511	503
	4,359	4,476
Interest	5,289	6,117
Supplementary compensation benefits recovered	359	307
	10,007	10,900
Expense		
Claim costs		
Compensation	521	429
Medical aid and travel	359	274
Pension awards	274	49
Annuity provisions	2	4
	1,156	756
Transfers to		
Future claim costs	1,174	903
Special reserves	197	—
	2,527	1,659
Allocation of interest	4,104	4,874
Administrative (Note 10)	1,217	982
Supplementary compensation benefits	359	307
	8,207	7,822
Net income for the year	1,800	3,078
Operating reserve		
at beginning of the year	10,894	7,816
at end of the year	$ 12,694	$ 10,894

COMPENSATION FUND
(Yukon Territory)
Statement of Changes in Financial Position
for the year ended December 31, 1987

	1987	1986
	(in thousands of dollars)	
Operating activities		
Net income for the year	$ 1,800	$ 3,078
Items not involving funds		
Transfers to:		
Future claim costs	1,174	903
Annuity liability	2	4
Pension liability	267	—
Special reserves	197	—
Allocation of interest	4,104	4,874
Increase in accounts payable, assessments refundable and merit rebates payable	75	51
(Increase) decrease in receivables	307	(464)
	7,926	8,446
Pensions and claims paid from:		
Future claim costs	115	478
Pension liability	676	629
Special reserves	358	125
	1,149	1,232
Funds provided from operating activities	6,777	7,214
Investing activities		
Increase in investments	8,599	6,176
Funds utilized for investments	8,599	6,176
Increase (decrease) in cash and short-term investments	(1,822)	1,038
Cash and short-term investments at beginning of the year	5,238	4,200
at end of the year	$ 3,416	$ 5,238

COMPENSATION FUND
(Yukon Territory)
Notes to Financial Statements
December 31, 1987

1. AUTHORITY AND OPERATIONS

The Compensation Fund was established in 1973 by the Workers' Compensation Act and is administered by the Workers' Compensation Board pursuant to the Act.

The Fund provides compensation for injury or death by accident arising out of and in the course of employment. Annual assessments are levied upon employers usually on the basis of their assessable payrolls reported, to meet all claim costs, administrative expenses and transfers to reserves.

2. ACCOUNTING POLICIES

These financial statements have been prepared by management in accordance with accounting principles considered to be appropriate in the circumstances. The more significant accounting policies of the Board are as follows:

(a) Allowance for doubtful accounts

An allowance for doubtful assessments receivable is provided for by charges against assessment income. Doubtful accounts are written off if deemed uncollectable.

(b) Investments

Investments are recorded at cost at the time of acquisition. Discounts or premiums are amortized over the term of the investment. Part of the investment portfolio has been designated to match the expected future payments of pensions.

(c) Future claim costs

In accordance with Section 68 of the Act, the estimated liability for future claim costs is based on the present value of expected future costs of claims in process, additional costs arising in future years in respect of awards already made, and accidents which have occurred but which have not been reported.

(d) Pension liability

The pension liability represents the capitalized value of future payments of pension awards. Except for pension awards provided from the special reserves when applicable, all pensions awarded for the current year's claims are provided for annually from operations and those awarded for prior years' claims are provided from the liability for future claim costs.

(e) Annuity liability

Amounts are set aside equal to ten percent of compensation paid to workers disabled after December 31, 1982 who have been on compensation for 24 consecutive months. These amounts will provide annuities for these workers at age 65 in accordance with Section 48 of the Act.

(f) Special reserves

Pursuant to Section 68 of the Act, special reserves are established by an annual appropriation from net assessment income of each industrial classification, based on claims experience. These reserves, and purposes, are as follows:

Disaster - to meet losses arising or likely to arise from disaster or other circumstances that would unfairly burden the employers in any class. In accordance with Board policy the amount of any individual claim cost in excess of established limits for each class is charged to the disaster reserve.

Rehabilitation - to meet expenses incurred in the rehabilitation of injured workers.

Enhanced disability - to meet the claim costs of disabilities aggravated by previous disabilities.

Industrial diseases - to meet the claim costs arising from industrial diseases.

(g) Operating reserve

In accordance with Section 68(g) of the Act, this reserve is maintained to provide stability in the assessment rates for each class from year to year and represents the net credit balance of the industrial classes.

(h) Assessments and merit rebates

Assessment income is calculated on actual payroll costs as reported. Separate rates of assessment are established for each industrial classification sufficient to provide funds to meet all claim costs, administrative expenses and transfers to reserves.

Merit rebates are allowed to employers with favourable claims experience in the immediately preceding three calendar years. Merit rebates provided for at the year-end represent the estimated rebates to be allowed on claims experience for the three prior years.

(i) Claim costs

Claim costs are provided for in the year in which the accident occurs and comprise compensation, pension awards, medical aid and travel and transfers to future claim costs and special reserves. Pension awards are capitalized at an interest rate equal to the difference between the estimated annual rate of future interest earnings and the estimated annual rate of statutory cost of living increases.

(j) Allocation of interest income and administrative expense

Interest income, excluding interest from the designated investment portfolio for pensions which is allocated to the pension liability, is allocated to the other liabilities and reserves according to the mean balances for the year.

Administrative expense, net of income from penalties, is allocated proportionaltely to each industrial classification within the operating reserve.

(k) Supplementary compensation benefits

Supplementary compensation benefits are granted, pursuant to the Workers' Compensation Benefits Act, to all persons receiving compensation on or after October 1, 1973 for accidents prior to that date. Compensation is increased to the amount that would have been granted had the accident occurred after the coming into force of the Act. These benefits and the related recoveries from the Yukon Consolidated Revenue Fund in accordance with the Act are reflected in the Statement of Income.

(l) Capital expenditure

Capital expenditures are expensed when incurred.

3. ACTUARIAL VALUATION

An actuarial valuation of the Compensation Fund, which is required to be carried out at least triennially in accordance with the Workers' Compensation Act, was completed as at December 31, 1986.

4. ASSESSMENTS RECEIVABLE

Assessments receivable are recorded net of an allowance for doubtful accounts of $46,000 (1986 - $88,000). Accounts written off during the year amounted to $14,000 (1986 - $26,000).

5. INVESTMENTS

	1987		1986
	Par value	Amortized cost	Amortized cost
	(in thousands of dollars)		
Government of Canada			
Coupons	$ 28,735	$ 4,766	$ 5,918
Non-interest bearing bond	13,200	1,323	1,171
Interest bearing bonds	13,896	14,166	14,863
Treasury bills	21,094	20,719	3,858
Provincial and provincial guaranteed bonds	10,581	11,387	16,575
Other	780	780	2,157
	$ 88,286	$ 53,141	$ 44,542
Market value - December 31		$55,020	$49,557

Investments maturing within one year total $22,384,000 (1986 - $8,105,000).

The Government of Canada non-interest bearing bond matures in 2006, and the coupons mature in the years 1988 to 2007. The amounts to be amortized for these items will be credited to income as follows:

	(in thousands of dollars)
1988	$ 773
1989	871
1990	983
1991	1,107
1992	1,251
1993 - 2007	30,861
	$35,846

The amount to be amortized in this manner represents the difference between par value and amortized cost of the non-interest bearing bond and the coupons.

6. FUTURE CLAIM COSTS

	1987	1986
	(in thousands of dollars)	
Amounts provided		
By class	1,174	903
Allocation of interest	728	892
	1,902	1,795
Amounts applied		
Claim payment	115	478
Transfer to pension liability	1,590	—
Transfer to annuity liability	7	18
	1,712	496
Increase for the year	190	1,299
Balance at beginning of the year	8,152	6,853
Balance at end of the year	$ 8,342	$ 8,152

7. PENSION LIABILITY

	1987	1986
	(in thousands of dollars)	
Amounts provided		
Transfers from		
Special reserves	$388	$263
Operations	267	—
Future claim costs	1,590	—
Allocation of interest	1,473	1,649
	3,718	1,912
Amounts applied		
Pension payments	676	629
Increase for the year	3,042	1,283
Balance at beginning of the year	12,021	10,738
Balance at end of the year	$15,063	$12,021

In addition to the amount transferred to the pension liability from operations, pension awards for current year's claim costs include lump sum payments of $7,100 (1986 -$49,000).

An estimated valuation of the pension liability at December 31, 1987 using an interest rate of 2.0% (1986 - 2.0%) revealed a surplus of $967,000 (1986 - $368,000), after providing for the capitalized value of cost of living adjustments effective January 1, 1988.

The transfer during the year from future claim costs of $1,590,000 was to cover the capitalized value of additional pension costs arising from amendments to the Workers' Compensation Act effective April 16, 1987 which provided benefits for life to remarried survivor spouses and extended the terms of payments for dependant children.

8. ANNUITY LIABILITY

	1987	1986
	(in thousands of dollars)	
Amounts provided		
Transfers from		
Future claims costs	$ 7	$ 18
Operations	2	4
Special reserves	5	—
Allocation of interest	5	2
	19	24
Balance at beginning of year	31	7
Balance at end of the year	$ 50	$ 31

9. SPECIAL RESERVES

(in thousands of dollars)

	DISASTER	REHABILI-TATION	ENHANCED DISABILITY	INDUSTRIAL DISEASES	1987 TOTAL	1986 TOTAL
Amounts provided						
By class	$ 197	$ —	$ —	$ —	$ 197	$ —
Interest	628	507	359	404	1,898	2,331
	825	507	359	404	2,095	2,331
Amounts applied						
Claim payments	288	46	20	4	358	125
Transfer to						
Pension liability	388	—	—	—	388	263
Annuity liability	5	—	—	—	5	—
	681	46	20	4	751	388
Increase for the year	144	461	339	400	1,344	1,943
Balance at beginning of the year	6,634	5,112	3,609	4,055	19,410	17,467
Balance at end of the year	$6,778	$5,573	$3,948	$4,455	$20,754	$19,410

10. ADMINISTRATIVE EXPENSE

	1987	1986
	(in thousands of dollars)	
Salaries and benefits	$ 702	$ 736
Computer software costs	220	—
Rentals and supplies	136	127
Occupational health and safety	127	90
Professional services	56	66
Medical fees	21	19
Other	28	2
	1,290	1,040
Less: Income from penalties	73	58
	$ 1,217	$ 982

11. RELATED PARTY TRANSACTIONS

In addition to the supplementary compensation benefits disclosed in the financial statements the Board administers the compensation claims of employees of the Government of the Yukon for which it receives reimbursement of the claim costs and related administration expenses. These totalled $423,000 for 1987 (1986 - $240,000).